Senator Mike Gloor, LB 1013, 2016

What does LB 1013 do and by how much:

Cigarette tax Increase of $1.50 to a total of $2.14 per pack
The amount to the General Fund remains the same as it is now (49 cents)
Tobacco products increase from current 20% to 31% of wholesale

Estimated revenue: $120 Million from cigarette tax, $4.5 Million from tobacco products.

Distribution of new revenue:

- ***$45 Million to the Property Tax Credit Fund***
- **$45 Million to the Dept. of Revenue for the personal property tax exemption**
- **$30 Million to the Health Care Cash Fund for health related items**

From the Health Care Cash Fund: (in addition to any amount they may already receive)

- $ 1M to Tobacco Cessation and Prevention
- $ 3M to Federally Qualified Health Centers
- $ 6M to Public Health Districts
- $ 1.5M to EMS and firefighter training and recruitment
- $ 2M to behavioral health provider rate stabilization
- $ 500,000 to the Health Care Services Transformation Fund/Act (LB 549)
- $ 1M to Area Health Education Centers
- $ 4M to College of Public Health
- $ 10M to Cancer and smoking related illness through the biomedical research program
- $ 1M to Behavioral Health Education Centers of Nebraska

The revenue generated by an increase in tobacco products would go to the Tobacco Products Administration Cash Fund and most likely lapse to the General Fund as the current carry over does.

Statistics related to smoking cigarettes

Estimates based on historic projections of the American Cancer Society and the Campaign for Tobacco Free Kids

Annual health care costs in Nebraska directly caused by smoking: $795 Million

Portion of that covered by Nebraska Medicaid: $162.3 Million

5-year Nebraska Medicaid program savings: 1.87 Million

Long-term health care cost savings from adult and youth smoking decline: $493.44 Million

5-year reduction in the number of smoking affected pregnancies and births: 2900

5-year health care cost savings from fewer smoking-cause lung cancer cases: $2.14 M

5-year health care cost savings from fewer smoking-affected pregnancies and births: $6.97 M

5-year health care cost savings from fewer smoking-caused heart attacks and strokes: $4.36

Percentage of adults in Nebraska who smoke: 18.5% (261,700)

Number of adult Nebraskans who die each year from smoking in Nebraska: 2500

Current adult smokers who would quit: 12,300

Premature smoking-caused deaths prevented: 7,000

Nebraska high school students who smoke: 10.9% (11,000)

Number of youth that start smoking each day: 1,800

Nebraskans currently under 18 who will be at risk in adulthood of premature death due to smoking: 38,000

Percentage decrease in youth smoking with $1.50 increase: 17.3%

Nebraska youth who will avoid becoming a smoker with the tax increase: 12,100

Current state ranking: 40th out of 50

Last Nebraska increase was in 2002 – 14 years ago

At $2.14 per pack tax: 13th out of 50

Current highest state+local cigarette tax rate is $6.16 in Chicago, New York is $5.85 per pack.

Transitional Health Insurance Program Act
LB 1032

Includes Three Categories of Coverage

- *Transitional Health Insurance Premium Assistance Program* – utilizes the private health insurance market for enrollees
  - In "premium assistance" Medicaid dollars are used to purchase private market health insurance plans.
  - Private market coverage is subject to cost controls inherent in a competitive market and enrollees become familiar with private insurance market rules.
  - The majority of enrollees will utilize this premium assistance program.
- *Employee Health Insurance Program* – employees access employer-sponsored coverage
  - Medicaid-eligible enrollees with employer-sponsored coverage[i] can have their portion of a premium paid for with Medicaid dollars.
  - This extends coverage to employees and ensures businesses continue to offer health insurance.
- *Innovation Health Insurance Program* – Medicaid coverage for exempt individuals[ii]
  - Enrollees that cannot be enrolled into premium assistance are covered under traditional Medicaid. This includes medically frail enrollees.

Ensures Personal Responsibility

- *Requires monthly contributions*
  - Enrollees must contribute 2% of monthly household income and unpaid contributions are a collectable state debt.
  - Monthly contributions encourage personal responsibility and help defray program costs.
- *Increases copayment for non-emergency emergency room (ER) use to $50*
  - This encourages enrollees to engage in cost-conscious behaviors and use lower cost and primary care outside of the ER.

Utilizes Innovation and Reform Elements

- *Encourages access to primary care providers*
  - All enrollees must have access to a primary care provider.
- *Utilizes patient-centered medical homes and health homes for all enrollees.*
- *Requires integrated providers and services*

Encourages Employment and Education and Skills Training

- *Refers enrollees to employment and education programs*
- *Creates the Transitional Health Insurance Employment Program*
  - Provides education and skills training for enrollees targeted at specific state workforce needs

[i] Employer pays no less than 50% of enrollee's costs.
[ii] Some enrollees, including the "medically frail" and American Indians/Alaskan natives, are exempt from mandatory enrollment in premium assistance under federal law and are covered under traditional Medicaid.